



Date: November 25, 2008
To: City Manager for Council Action
From: John C. Roukema, Director of Electric Utility
Subject: Approval of Electric Agreement with Vishay-Siliconix, Inc. for the Purchase of Electricity on a Long-Term Basis in Exchange for Certain Discounted Rates

EXECUTIVE SUMMARY:

Vishay-Siliconix, Incorporated (Vishay) is one of the largest customers of the City of Santa Clara Electric Utility, Silicon Valley Power (SVP), for the purchase of electricity. The City currently has a contract with Vishay for the purchase of energy, which expires on December 31, 2008. Vishay desires to enter into a new long-term agreement for service on and after January 1, 2009. This contract provides for rate discounts commensurate with the type of service to be provided to Vishay. It also provides for commensurate changes in rates as rates to other SVP customers are changed. In addition, Vishay agrees to purchase all energy delivered to the locations designated in the contract from SVP. Pursuant to the Public Records Act and pursuant to the Agreement, certain terms of the Agreement must be maintained as confidential. Therefore, while the majority of the Agreement will be maintained as a public record, confidential terms are available for council review in the Office of the City Clerk.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

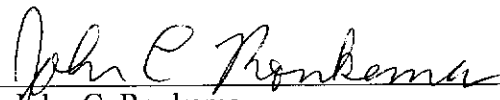
By entering into this Agreement, SVP will be assured of stable, predictable power sales to this existing customer, for an extended time. If the Agreement is not entered into, SVP may lose the opportunity to make future sales of electrical energy to Vishay.

ECONOMIC/FISCAL IMPACT:

No capital expenditures will result from entering into this contract. Some reduction in revenue will occur from the discounts in return for revenues that will continue to be received from Vishay for the life of the agreement.

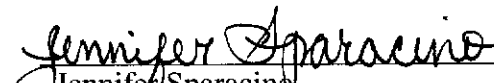
RECOMMENDATION:

That Council approve, and authorize the City Manager to execute, the Electric Service Agreement with Vishay-Siliconix Incorporated for the purchase of electricity on a long-term basis in exchange for certain discounted rates.



John C. Roukema
Director of Electric Utility

APPROVED:



Jennifer Sparacino
City Manager

Documents Related to this Report:

- 1) *Vishay-Siliconix, Inc. Electric Service Agreement*

CITY OF SANTA CLARA
AGENDA MATERIAL ROUTE SHEET

Council Date: December 2, 2008

SUBJECT: Approval of Electric Service Agreement with Vishay-Siliconix, Inc. for the Purchase of Electricity on a Long-Term Basis in Exchange for Certain Discounted Rates

CERTIFICATION

The proposed Electric Service Agreement with Vishay-Siliconix, Inc.
Regarding: Purchase of Electricity on a Long-Term Basis in Exchange for Certain Discounted Rates
has been reviewed and is hereby certified.

PUBLICATION REQUIRED:

The attached Notice/Resolution/Ordinance is to be published ____ time(s) at least ____ days before the scheduled meeting/public hearing/bid opening/etc., which is scheduled for _____, 2008.

AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:

Federal Codes:

Title _____ U.S.C. § _____
(Titles run 1 through 50)

California Codes:

Code _____ § _____
(i.e., Government, Street and Highway, Public Resources)

Federal Regulations:

Title _____ C.F.R. § _____
(Titles run 1 through 50)

California Regulations:

Title _____ California Code of Regulations § _____
(Titles run 1 through 28)

City

City Charter § _____ (i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)

City Code § _____

1. As to City Functions, by

John C. Montemurro
Department Head

2. As to Legality, by

Lindsay Spick
City Attorney's Office/CAO Assignment No. 08.1603

3. As to Environmental
Impact Requirements, by

Director of Planning and Inspection

4. As to Substance, by

J. Sparacino
City Manager

Revision Date: June 7, 2005